

*protecting lives, rights, communities*

# ANNUAL REPORT 2005



*Peter C. Harvey, Attorney General of New Jersey*



# Leading the Nation in Prosecuting Insurance Fraud

**A**lthough insurance fraud remains one of the nation's major illegal growth industries, the Attorney General's Office — largely through the enforcement and outreach efforts of the Office of the Insurance Fraud Prosecutor — continued in 2005 to set standards of excellence for prosecuting insurance cheats, and for deterring fraud activity through awareness. The office is led by Greta Gooden-Brown, the Insurance Fraud Prosecutor.

Part of the Division of Criminal Justice, the Office of Insurance Fraud Prosecutor has been ranked the top insurance fraud prosecuting agency in the nation by the independent, Washington-D.C.-based Coalition Against Insurance Fraud.

One example of OIFP's track record of increasing effectiveness: in 2000, OIFP prosecution efforts resulted in 17 defendants being sentenced to county jail or State Prison time, and approximately \$1.1 million in court-ordered restitution. In 2005, OIFP prosecutions sent 125 defendants to jail or prison, and court-ordered restitution topped \$87 million.

## International Awards

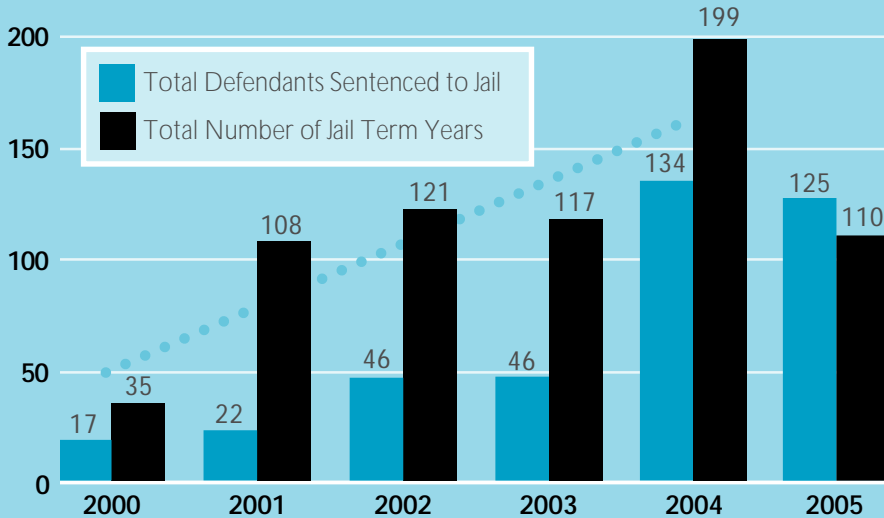
In 2005, OIFP's stellar work resulted in recognition as a semi-finalist for the International Association of Chiefs of Police Motorola Webber Seavey Award for Quality in Law Enforcement. The award is presented annually to agencies and departments worldwide for promoting a standard of excellence that exemplifies law enforcement's contribution and dedication to the quality of life in local communities. Named for Webber S. Seavey, the IACP's first president, the award recognizes effective use of resources, creativity and innovation, action that improves services to the community, action that strengthens law enforcement relations and promotes community participation, and enhanced communications within, and cooperation among, law enforcement agencies.

Among other awards for excellence presented to the OIFP recently are awards from the International Association of Arson Investigators, the International Association of Special Investigative Units, the United States Social Security Administration, and the New Jersey Vehicle Theft Investigators Association.

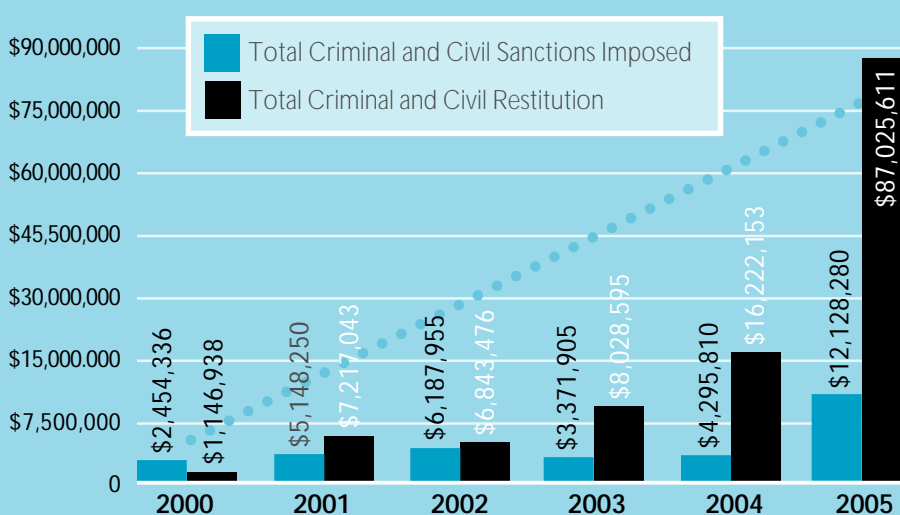
## Cases

Of course, industry accolades are only one yardstick for insurance fraud prosecution achievement. Successful cases are the surest measure of effectiveness, and in 2005, the OIFP investigated and prosecuted many significant fraud cases. Among other successes, the OIFP obtained a nine-year prison sentence against a Hudson county businessman found guilty of submitting hundreds of thousands of dollars worth of fraudulent reimbursement claims for prescription medications handled by his business.

OIFP Defendants Sentenced to Jail Time & Total Number of Jail Term Years



OIFP Criminal & Civil Monetary Sanctions and Restitution Summary



## Lawyers, Law Firm Charged With Racketeering; \$5 Million Restitution Sought

In November 2005, Attorney General Harvey and Insurance Fraud Prosecutor Brown announced that the OIFP had filed racketeering and conspiracy charges against two Essex County attorneys, their law firm, and 28 other individuals as part of an ongoing insurance fraud investigation. The investigation targeted illegal use of "runners" — individuals who solicited other persons to aid in the alleged scam by agreeing to serve as phony accident "victims" — and sought restitution in the amount of \$5 million. The racketeering and conspiracy charges represented the first time OIFP had employed New Jersey's Racketeer Influenced & Corrupt Organization (RICO) statute to prosecute an attorney and a law firm for the criminal use of "runners" and related insurance fraud crimes.

The case represented an aggressive approach by OIFP in pursuing individuals involved in manufacturing fake accidents to collect tens of thousands of dollars in illegal insurance claims and settlement payouts. In addition to the two attorneys and their Essex County law firm, five runners and 23 phony accident victims were charged with criminal racketeering, conspiracy to commit racketeering, auto-insurance-related Health Care Claims fraud, theft by deception, tax fraud and other criminal counts.

Specifically, the indictment charged that between Oct. 30, 1993 and Sept. 15, 2005, attorneys Irwin B. Seligsohn, 69, of Kinnelon, Morris County, Allen S. Goldberger, 72, of Livingston, Essex County, and the law firm of Seligsohn, Goldberger & Shinrod of West Orange conspired to pay runners to solicit persons to participate in staged automobile accidents so that automobile insurance Personal Injury Protection (PIP) and other insurance claims could be submitted to various insurance companies. Runners used in the alleged scam were charged with illegally receiving payments for their services, violating State income tax laws, and with aiding in the submission of phony insurance claims while knowing that the accidents were staged and that no one was actually injured. Other defendants named in the indictment, alleged to be insurance claimants, were charged with Health Care Claims Fraud for assisting in the submission of the phony insurance claims.

The indictment seeks the forfeiture of an estimated \$5 million dollars in financial assets obtained by the law firm of Goldberger, Seligsohn and Shinrod, as a result of the alleged fraud scheme. The indictment seeks investments, bank accounts, office equipment, real estate, and other assets obtained as proceeds from engaging in theft by deception, health care claims fraud, use of runners, and tax fraud.

## South Jersey Entrepreneur Charged with Health Care Claims Fraud

In another 2005 case involving the alleged use of runners, the OIFP obtained a fraud indictment in December 2005 against a Camden County businessman who owned and operated a chiropractic clinic, as well as two medical service and supply companies.

Orlando Rolon, 49, of Runnemede, was charged in a State Grand Jury indictment with conspiracy, health care claims fraud, attempted theft by deception, misconduct by a corporate official and other criminal counts. Rolon was accused of bilking insurance companies out of thousands of dollars through the submission of fraudulent claims for medical services and supplies provided to accident victims — patients often secured by the use of runners.

Specifically, the indictment charged that between Dec. 11, 1998 and Feb. 13, 2002, Rolon and his girlfriend, Erika Ramos, participated in a conspiracy to fraudulently bill insurance companies nearly \$135,000 for medical treatments, supplies, and transportation services provided to patients injured in automobile accidents. Rolon allegedly created a system of companies that provided medical treatments, supplies, and transportation services. The Rolon-owned companies were identified as Brotherhood Rehabilitation Associates, P.C., a chiropractic treatment center in Camden, JOL & M Medical Supply Company of Berlin, and OR Medical Transport of Camden.

Among other things, the indictment alleged that Rolon, who had no medical or chiropractic license, created the appearance that a licensed chiropractor actually owned, operated and controlled the Brotherhood clinic in order to submit insurance claims for payment. It was alleged that Erika Ramos, who was employed at the Brotherhood clinic, was listed as the owner/operator of



Greta Gooden-Brown, Insurance Fraud Prosecutor

## Office of the Insurance Fraud Prosecutor

The Office of The Insurance Fraud Prosecutor is located within the Division of Criminal Justice.

- Greta Gooden-Brown, Insurance Fraud Prosecutor
- Tina Polttes, Chief, Auto Fraud Unit
- Lewis J. Korngut, Chief, Property and Casualty Unit
- Norma R. Evans, Chief, Health and Life Unit
- John Krayniak, Chief, Medicaid Fraud Control Unit
- Sheila Brown, Deputy Chief Investigator

[www.NJInsuranceFraud.org](http://www.NJInsuranceFraud.org)



JOL&M Medical Supply so that it would appear to insurance companies that JOL&M Medical Supply was independent from Brotherhood. In fact, the company was owned, operated, and controlled by Orlando Rolon. Ms. Ramos, of Pennsauken, was also charged in the indictment. The indictment accused Rolon of using runners to solicit accident victims in order to ensure a steady stream of patients for the Brotherhood clinic, which provided chiropractic treatments, physical therapy, and other medical services to patients injured in automobile accidents. As part of the alleged insurance fraud, Rolon was accused of listing a deceased person — chiropractor Dr. Michael Marek — as the owner of the clinic and arbiter of patient medical decisions at Brotherhood. Rolon was also accused of forging, or having forged, the signature of the dead chiropractor on claim forms submitted to insurance companies. Additionally, Rolon is charged with enticing patients to seek care at the Brotherhood clinic by offering payments of between \$200 and \$300. It is also alleged that some patients solicited by “runners” bought medical supplies from JOL & M Medical Supply Company as part of their treatment, and that OR Medical Transport was used to transport patients to and from the Brotherhood clinic and other Rolon-controlled locations.

“These prosecutions involving runners are important, because the use of runners has a domino effect on the entire insurance industry,” said Insurance Fraud Prosecutor Gooden-Brown. “Runners are paid to procure patients and clients. Runners, in turn, stage accidents and urge people who are not injured to be treated for injuries. They submit false police auto accident reports and engage in other fraudulent conduct which drives up the cost of auto insurance.”

## Other Insurance Fraud Prosecutions

❖ The sentencing, in September 2005, of former insurance broker Vito Gruppuso to 10 years in State Prison following his guilty plea in 2004 to multiple charges of insurance-fraud-related theft. Gruppuso, of Berkely Heights, pleaded guilty to running a massive insurance scam that bilked five different insurance companies out of more than \$78 million between 1998 and March 2004. The former president of a Cedar Knolls-based brokerage known as National Premium Services, Gruppuso was first charged by the State in 2002 with pocketing more than \$500,000 in client funds. Subsequent investigation revealed a more expansive fraud scheme. A commercial insurance broker whose clients were major real estate management companies across the nation, Gruppuso sold clients extensive insurance packages — and obtained significant commissions for those sales — then arranged for insurance coverage that was inferior to what clients believed they had purchased. In addition to his 10-year prison term, Gruppuso was ordered by a New Jersey Superior Court Judge in Morris County to pay a total of more than \$78 million in restitution to the five insurance companies he defrauded — Wausau Insurance Company (\$3.7 million), AIG Insurance Company (\$6.3 million), XL Insurance Company (\$4.9 million), Virginia Surety Insurance Company ((\$15.8 million) and Kemper Insurance Company (\$48 million).

❖ The sentencing, in April 2005, of Hudson County businessman James Clark to nine years in State Prison for submitting more than 400 fraudulent health insurance claims totaling more than \$300,000 in illegal payments. Clark was president of Home Health Care Center, Inc. Clark, 49, of Union City, was also ordered by New Jersey Superior Court Judge Michael A. Petrolle, sitting in Essex County, to pay a \$5,000 fine. Clark was found guilty of theft by deception and Health Care Claims Fraud charges following a jury trial in February 2005. Home Health Care Center was in business to deliver prescription medications from pharmacies to person's

homes and was not licensed to dispense or otherwise sell prescription medications. Clark was neither a medical service provider nor a licensed pharmacist. Clark misrepresented to Horizon Blue Cross/Blue Shield, which administers health care claims for the State Health Benefits Program, that Home Health Care was licensed to supply, dispense, and sell prescription medications, and was entitled to payment or reimbursement from the State Health Benefits Plans for the cost of the medications.

❖ The sentencing to five years in State Prison of Eliezer Martinez, the former owner and chief executive officer of a defunct mental health counseling center in Camden City. Martinez, 57, was convicted in 2004 of submitting more than \$137,900 in fraudulent bills to the Medicaid Program. The Medicaid Program, which is funded by the state and federal governments, provides health care services and prescription drugs to persons who may not otherwise be able to afford such services and medicines. The State of New Jersey administers the Medicaid Program through the Division of Medical Assistance and Health Services and through the Office of Insurance Fraud Prosecutor's Medicaid Fraud Section, which investigates both criminal and civil Medicaid fraud. In addition to being sentenced to prison time, Martinez was ordered to pay more than \$275,900 in criminal fines and \$137,900 in restitution.

❖ The sentencing in January 2005 of a Hudson County man to five years probation, \$10,400 in restitution payments, and a \$5,000 civil insurance fraud fine for his role in an automobile “give up” scam. Israel Rivera, 34, of Jersey City, pleaded guilty in November 2004 to falsely reporting the theft of his Honda Civic a year earlier. He submitted an insurance claim for the “stolen” auto in the amount of more than \$10,000, and was paid by an insurance company.

### Ex-doctor indicted in insurance fraud

TRENTON — A former Mercer County neurologist, his former medical practices and medical supply companies and his former office manager have been indicted on charges of submitting fraudulent health insurance claims through his businesses in Hoboken and Weehawken.

### Union City man guilty of fraud

By Michaelangelo Conte  
Journal Staff Writer  
An Essex County jury has convicted a Union City businessman on theft and fraud charges after he pocketed about \$343,000 by filing more than 400 fraudulent health insurance claims through his businesses in Hoboken and Weehawken.

James Clark, 49, of Mountain Road in Union City, was convicted of two counts of theft by deception and Health Care Claims Fraud charges following a jury trial in February 2005. Home Health Care Center was in business to deliver prescription medications from pharmacies to person's

### Financial planner pleads guilty to taking \$300K

By MARY ANN D'URSO  
Staff Writer  
TRENTON — A former Hunterdon County insurance broker and financial planner pleaded guilty Monday to stealing more than \$300,000 from the retirement accounts of a 79-year-old Somerset County man.

A state grand jury indicted Chamberlain in November 2004 on charges that from Sept. 11, 1997, to July 5, 2003, he looted the victim's annuity accounts and stole personal property, including a grand piano and personal music manuscripts and computer equipment. Chamberlain notified him in 2003 that he owed more than \$56,000 in back taxes for accounts. A decorated...